Approved For Release 2001/09/01 : CIA-RDP81-00142R000300030009-0

THE DIRECTOR OF CENTRAL INTELLIGENCE

78-628/14

78-402

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

13 October 1978

DD/A Registry
File Omn

MEMORANDUM FOR: Director of Central Intelligence

FROM

: Deputy Director for National Foreign Assessment

SUBJECT

: Responsibilities of DD/RM and DD/NFA

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a clear understanding on the division of responsibility between DD/RM and DD/NFA with respect to evaluating the quality of the intelligence product. Now I find that the agreement is not being respected, and I believe the matter requires your attention.

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- 2. It was decided that DD/NFA would be responsible for "across-the-board quality supervision for all Community products." RM's role was to be "limited to broad questions of overall effectiveness and efficiency." Their "examination [of the product] will be restricted to a determination of the validity of gross allocation of resources requested by NFAC and will not include analysis for the purpose of product improvement."
- 3. Several of RM's recent actions are quite out of line with that decision. To wit:
 - a. When the PRC(I) Working Group was established, for the purpose of relating intelligence budgets to requirements and priorities, the terms of reference drawn up and circulated by RM established as a primary objective "assessments of Community performance" with respect to major outputs. (Tab A)
 - b. Last month DD/RM launched a sweeping investigation into intelligence activities in the energy field. This "assessment of Community progress" is to be based on the results of a questionnaire sent to some 30 consumer and producer

agencies on 18 September. (Tab B) The questions ostensibly relate to the allocation of resources, but in fact the recipients are asked to report or comment on much more than that: the review encompasses substantive priorities, analytic production programs, user-producer interaction, efforts to improve the energy intelligence product, substantive relationships within the Community, and other matters that have more to do with the management of production than the management of resources.

- c. This week I learned by chance that in August DD/RM invited proposals from outside contractors for a \$200,000 study that would be substantially devoted to assessing political and economic intelligence products. (Tab C) The proposal not only indicates a need to review collection priorities, but also suggests that the contractor identify "shortfalls in collection, processing, production, and dissemination" and also identify "alternative ways of improving economic and political intelligence."
- 4. In none of these cases was I consulted -- or even informed -- before RM took action. Nor was consulted on the two studies bearing directly on collection. This is no way to do business. It clearly ignores the decisions

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5. Those decisions were based on the lesson from past experience that the IC Staff does not have the capability to evaluate Community performance, especially with respect to analytic production, effectively. What they can do, however, is create great confusion in the Community over who is responsible for what. Already RM's activities (a and b above) have raised such questions.

(DIA), for example, have expressed to me their concern that the review envisioned in the questionnaire on energy intelligence goes well beyond what they assume to be RM's responsibilities. The other agencies are not yet aware of the contract proposal.

6. I think you will agree that this situation must be cleared up. It is essential to reaffirm the lines of responsibility worked out after full discussion at the beginning of the year. A clear distinction can be made between the evaluative functions performed by the DD/RM and by DD/NFA insofar as intelligence production is concerned.

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If does not see this distinction, it must be made clear to him. It may be that some of his people are simply trying to perpetuate functions that had been assigned to the IC Staff before responsibilities were reallocated among your three functional deputies. If so, I am sure John will have no difficulty reorienting them. In any case, I think the situation calls for action by you to set the matter straight.

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Robert R. Bowie

Attachments A/S

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Objectives of the PRC(I) Working Group

Extract from Minutes of the PRC(I) Meeting on 20 July 1978

Statement of Objectives circulated with notice establishing PRC(I) Working Group

Dr. Brzezinski expressed concern that the PRC lacked an adequate program to relate proposed programs and budgets to consumers approved requirements and priorities. He proposed establishment of a Senior-Interagency Working Group... to develop scaled options as a basis for an informed review of various program and budget proposals to the PRC for its approval.

- -- Design a document for PRC(I) approval that identifies major Intelligence Community outputs, develops assessments of Community performance in each such area, and weighs the importance of shortfalls, current and prospective. The document should also identify areas where performance is satisfactory.
- -- Recommend a process for PRC(I) consultation on the NFIP.

The Director of Central Intelligence

Approved For Release 2001/09/01; CIA-RDP81-00142R00030009-07

NFAC # 3358- 28

4 August 1978

MEMORANDUM FOR: The Vice President

Secretary of State

Secretary of the Treasury

Secretary of Defense

Assistant to the President

for National Security Affairs Chairman of the Joint Chiefs of Staff Director, Office of Management and Budget Director, United States Arms Control and

Disarmament Agency

FROM:

Chairman, PRC(I)

SUBJECT:

Working Group

I am interested in moving ahead on the consensus of the last PRC(I) meeting to establish a working group to relate Intelligence Community outputs to consumer priorities. I have asked my Deputy for Resource Management, to chair the working group on my behalf; and I have approved the attached objectives prepared by as a point of departure for the group. Please forward the name of your representative to him at |

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Attachment: Objectives

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OBJECTIVES

- -- Design a document for PRC(I) approval that identifies major Intelligence Community outputs, develops assessments of Community performance in each such area, and weighs the importance of shortfalls, current and prospective. The document should also identify areas where performance is satisfactory.
- -- Recommend a process for PRC(I) consultation on the NFIP_

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SUBJECT: Working Group

Distribution: (DCI/IC-78-0049)

1 - Each Adsee., w/att

1 - DCI, w/att

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC #4336-78 4 October 1978

MEMORANDUM FOR: Director, National Foreign Assessment Center

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FROM

*

National Intelligence Officer for Special Studies

SUBJECT : Comments on RM Staff Review of Energy Intelligence

1. It is clear to me that only one person has the authority to demand answers to all the questions in this questionnaire: the DCI. What is involved here is not simply Resource Management, but Production Management and Collection Management as well. If the Deputy to the DCI for Resource Management has the right to conduct a "review of energy intelligence activities" and to "assess progress" within each component of the Intelligence Community, ostensibly as a basis for making resource decisions, presumably he could similarly "review and "assess" any production activity we perform. And it is hard to review performance without evaluating it. This is for you and the DCI to do.

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2. The former IC Staff engaged in product evaluation as a regular function, and the questionnaire someone has drawn up for smacks very much of the old IC Staff approach. It may be that some veterans of the evaluation group who remain with RM Staff are simply continuing to do their thing. I would think even would agree, on taking a closer look, that the scope of this exercise exceeds their present mandate.

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- 3. The old IC Staff also used to conduct consumer surveys from time to time, and parts of this questionnaire could be construed as canvassing the customers of intelligence products. But a producer survey is a very different thing. In any case, the PRC(I) is now the mechanism through which we obtain feedback and receive guidance from key consumers. If resource decisions are to be influenced by consumer wants, the PRC(I) should be the forum; high level consumers do not need, and should not be encouraged to use, other channels.
- 4. I have not annotated each question separately because my reaction in each case is much the same. For example:

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Approved For Release 2001/09/01: CIA-RDP81-00142R00030009-0 SUBJECT: Comments on RM Staff Review of Energy Intelligence

- -- Questions of intelligence definition, key issues, and requirements are <u>substantive</u> matters for analysts and consumers to work out between themselves (with some help from collectors, of course). (Questions 1-5)
- -- Setting priorities among competing categories of substantive intelligence is the business of producers and collectors--in consultation with consumers--not of staff elements. (Questions 6, 15)
- -- Production programs, actions to improve analytic quality, research techniques, and long range planning are the essence of D/NFAC's responsibilities. Progress on these fronts is reported to the DCI and the PRC(I), for them to evaluate. (Questions 8, 9, 10, 11, 13, 16).
- 5. With respect to DoE's need to inform itself of technological progress in the energy field, firmly agrees that this is not a proper function of intelligence agencies and that there are a number of other government research institutions from which DoE could get this kind of support.

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Washington, D.C. 20505

Intelligence Community Staff

IC 78-5242

18 SEP 1978

MEMORANDUM FOR: See Distribution

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FROM:

Deputy to the DCI for Resource Management

SUBJECT:

Review of Energy Intelligence Activities and Developments

(S) The Intelligence Community Staff, at the request of and in collaboration with the Department of Energy (DOE), is currently conducting a review of energy intelligence developments and activities within the Intelligence Community. An assessment of the Community's progress and prospects in this area is required to develop guidance for resource allocation and investment decisions and to facilitate identification, projection, and justification of intelligence resource requirements. This review is expected to be responsive to major recommendations set forth in the June 1978 report of the DCI's Science and Technology Advisory Panel, namely:

-- the development of options for a Community-wide plan for the production of energy and energy-related intelligence and the identification of the resources necessary to support the framing and evaluation of U.S. policy choices;

- --identification of the focus of leadership responsibility to ensure that the synthesized analyses of energy intelligence will be forthcoming;
- -- close collaboration with DCI and Secretary of Energy representatives to clarify the information needs of DOE and the contributions each will make to the provision of needed analysis.
- (C) To aid in this review, you are requested to provide the following:
 - answers to the questions in Attachment 1. Included in this attachment is a working definition of energy intelligence which was approved by the National Foreign Intelligence Board and published in the "Glossary of Intelligence Terms and Definitions" in June 1978. Nuclear energy is implicitly included in the definition.

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SUBJECT: Review of Energy INtelligence Activities and Developments

- b. resource allocation figures for FY 78, 79, and 80 (Attachment 2);
- c. information on the funding of external contracts directly related to energy intelligence for FY 78, 79, and 80 (Attachment 3);
- d. the status and schedule of finished intelligence production extending from FY 77 through FY 80; the listing should reflect both work in-house and that of external contracts (Attachment 4).
- 3. This memo addresses both users and producers (Intelligence Community elements) of energy intelligence. Attachment 1 is designed to be answered by each addressee; attachments 2, 3, & 4 apply only to the Intelligence Community elements. We would appreciate receiving your response by 5 October 1978.
- 4. (U) I have designated the Director of the Program Assessment Office (PAO) to coordinate this review.

 has been conducting related interviews throughout the Community since July 1978, will organize the assessment. Please provide the name of your point of contact to

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Attachments:

- Questions
- 2. Estimate of Resources (format)
- Outside Contracts (format)
- 4. Schedule and Status of Production (format)

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1 - NRC: 1 - DOC/OI 1 - DOT/OI: 1 - DOE/IA

Approved For Release 2001/09/01: CIA-RDP81-00142R099300030009-0 Questions Concerning Energy Intelligence

Working Definition

Energy Intelligence: Intelligence relating to the technical, economic and political capabilities and programs of foreign countries to engage in development, utilization and commerce of basic and advanced energy technologies; it includes: the location and extent of foreign energy resources and their allocation; foreign government energy policies, plans and programs; new and improved foreign energy technologies; and economic and security aspects of foreign energy supply, demand, production distribution, and utilization.

Questions

From the vantage of your agency, please provide responses to the following questions in accordance with these instructions:

--(U) Users (Consumers) only

--(IC) Intelligence Community elements only

- -- (U/IC) Users and Intelligence Community elements
- 1. Is the above working definition of energy intelligence complete? Adequate? Comment. (U/IC)
- imes 2. What are the key energy intelligence questions? Place your list in order of priority. (U/IC)
- 3. What are your energy intelligence requirements? How do you articulate these requirements? To what extent are your requirements being satisfied? (U)
- 4. Who or what is your agency's point of contact with the Intelligence Community for the articulation of your energy intelligence requirements? (U)
 - 5. What energy-related subjects are not being adequately covered with respect to current and future policy support needs? Identify the countries and functions to which these pertain. (U/IC)
 - 6. Does energy intelligence enjoy adequate priority? Functional? Country? Regional? Strategic? What adjustments in priorities ought to be made? (U/IC)
- 7. How do you assess the level of user/producer interaction with respect to energy intelligence? Active? Passive? Useful? About right? Inadequate? No opinion. Comment. (U/IC)

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- 8. What are your current, programmed, and planned analytical and collection efforts? Provide a brief description of each. (IC)
- \forall 9. What actions are you undertaking to improve your energy intelligence product? (IC)
- 10. Are the analytical, collection, and other resources of the Community now being effectively utilized and applied? Identify possible misallocations and provide suggestions for greater efficiency. (IC)
- 11. What is the character of the data base you maintain on energy intelligence? How can it be improved? Is it automated? Is it functionally, country, and/or regionally oriented? Comment. (IC)
- 12. What administrative actions or structural changes may be needed to improve coordination, to speed progress and improve the prospects of the energy intelligence program within the Intelligence Community? A common data base? A senior-level Steering Group? A NIO for Energy? Establishment of a new DCI Committee in lieu of the energy activities of STIC, JAEIC, and the EIC? (IC)
- 13. What participative and coordinative mechanisms do you use to promote multipurpose and multidisciplinary energy intelligence production? NIO/PE? EIC? STIC? JAEIC? Other? (IC)
 - 14. Who are the users of your energy intelligence production? Are your users active or passive, i.e., do they react to your product? Make specific requests? or--simply take what you give them? (IC)
 - 15. How are collection and/or production requirements levied on your organization? Itemize these requirements in accordance with priorities attached to them. How are your priorities for energy intelligence established? Upon what are they based? (IC)
 - 16. Looking into the mid-term (5 to 10 years) and longer term (10 to 25 years), what do you envision as the probable centers of energy intelligence concern? (U/IC)

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FY 1978/79/80 ESTIMATE OF INTELLIGENCE COMMUNITY RESOURCES DEVOTED DIRECTLY TO ENERGY INTELLIGENCE (\$ in Thousands)

Agency		Collect M Yrs	tion ¢	Proces M Yrs	ssing	Product M Yrs	tion	RD&E	:	Extern Analys		Total		As %
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OTE: NSA, State, and Treasury--collection and processing intelligence related to energy is recognized as incident to overall effort. Attempt to prorate resources to energy.

- NSTRUCTIONS: 1. Enter information appropriate to your agency for FY 78, 79, 80.
 - 2. Include work by the national laboratories etc.) in all above categories except External Analysis (outside contracts); using the above format, provide separately, data for each of the national laboratories involved in some aspect of energy intelligence.

This information permits identification of governmental agencies involved in collection STATSPEC research, analysis, and reporting of energy-related intelligence. In addition to the above, identify the projected (FY 80-83) resource cost of data acquisition to support energy intelligence needs: NFIP sources, Foreign Service Reporting, popen governmental and commercial sources.

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FY 1978/79/80
Outside Contracts by Intelligence Community
for Energy Intelligence

Study Subject and Contract Deliverables	Current Status	Contractor	Point of Contact	\$ in Thousands
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NSTRUCTIONS: 1. Use this format for your resnance

fluentify the organizations, Government-related, academic and commercial, currently performing contracted work on energy intelligence matters.

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FY 1977/78/79/80 Listing of Schedule and Status of Finished Energy Intelligence Production

Topic*		Status**		
		,		
	*			

^{*} List in chronological order FY77 through FM80. Include periodicals. Include production of the national

^{**}Identify the specific office element responsible for the product and the expected date of completion.

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- DD/RM Contract -- "The Implications on Resource Allocation for the Improvement of Political and Economic Intelligence within the Intelligence Community" -- August 1978
- A. The original statement of the "Scope of Work" has among its four objectives:
 - --"(2) identification of shortfalls in collection, processing, production, and dissemination of economic and political intelligence;
 - --"(3) identification of alternative ways of improving economic and political intelligence. . . "
 - B. The third unnumbered paragraph of the "Scope of Work" says in part:
 - --"A variety of proposals—some of which are more organizational in nature—have been made to improve the quantity and quality of this analysis. The contractor should establish a conceptual framework within which such proposals can be evaluated."
 - --This framework would be used to evaluate in part
 - --"3. What is the adequacy of existing exploitation resources, to take full advantage of collected political and economic information?
 - --"4. What new methods of assessing foreign capabilities to harm the U.S. and other free world economies are suggested by this framework?
 - --"5. What opportunities are there for the integration of political and economic intelligence factors into multidisciplinary analyses that recognize the interplay between the principal political and economic forces? and
 - --"6. How can one assess whether political and economic products fill the needs of such users as the White House, Cabinet-level departments"
- All of the above objectives of this contract are clearly duties of the DD/NFA. They relate to product improvement, consumer requirements for and evaluation of product, and management of arrangements for the production of intelligence. They have only a secondary relationship to resource allocation in the sense that DD/RM's mission comprehends that term.

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- C. Supplementary Guidance to Bidders was issued on 24 August. [t asks contractors to:
 - --"b. . . . Assess the extent of actual duplication or redundancy between Intelligence Community and non-Community analysis and production activities. Where is such redundancy desirable in order to foster multiple looks at complex issues?
 - --"c. . . . are existing management and coordinative mechanisms sufficiently effective to insure efficient use of overall resources and their proper allocation to priority intelligence support requirements?
 - -- "4. . . . the study should identify:
 - "a. specific areas of analysis and production in which more Community effort is needed;
 - "b. incremental analytical resources needed to accomplish a;
 - "e. identify organizational and management improvements which could enhance performance against requirements "

These matters, again, are clearly within the DD/NFA charter. The DD/RM contract proposal presupposes the existence of problems which it can define, and also prescribes solutions to the problems. It is for DD/NFA to decide whether problems exist and to identify appropriate remedial action. The budget process should only come into play when resources are affected by those DD/NFA decisions. If the budget review process is broad enough to identify production problems, prescribe management solutions, and control resources, there is little left for DD/NFA and other Community program managers to do.

Next 1 Page(s) In Document Exempt

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RFP-IC-22-78P

SCOPE OF WORK:

The Contractor shall provide the necessary qualified personnel and facilities to deliver to the sponsor's facilities, a study of "The Implications on Resource Allocation for the Improvement of Political and Economic Intelligence Community."

Political intelligence pertains to the dynamics of the internal and external political affairs of foreign countries, regional groupings, multilateral treaty arrangements and organizations, and foreign political movements directed against or impacting upon established authority. Economic intelligence pertains to the production, distribution, and consumption of goods and services, labor, finance, taxation, transportation and other aspects of the international economic system. The objectives of this study are fourfold: (1) identification of sources and intelligence systems that contribute to economic and political intelligence; (2) identification of shortfalls in collection, processing, production and dissemination of economic and political intelligence; (3) identification of alternative ways of improving economic and political intelligence; and (4) identification of the resource management, resource allocation, and division of labor implications for each of the alternatives.

The Intelligence Community is searching for ways to focus its political and economic intelligence on topics of concern to thePolicy Review Council (Intelligence) and to improve its quality. Political and economic intelligence are drawn from a variety of covert human and technical sources and from overt sources as well. In addition to the collection of raw data, substantial analysis and manipulation of data are performed. A variety of proposalssome of which are more organizational in nature--have been made to improve the quantity and quality of this analysis. The contractor should establish a conceptual framework within which such proposals can be evaluated. The contractor should also pay particular attention to identifying a process by which substantive consumer requirements can be linked to the allocation of resources to satisfy these requirements. Using this frame work the following questions should be answered:

1. How could one judge if the appropriate amount or resources are being devoted to overt as opposed to covert collection of political and economic intelligence?

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CONTRACTION

RFP-IC-22-78P AttacAmmenwed For Release 2001/09/01: CIA-RDP81-00142R000300030009-0 Page 2

2. Is the current balance in resource allocation among collection, processing, production, and dissemination appropriate?

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- 3. What is the adequacy of existing exploitation resources, to take full advantage of collected political and economic information?
- 4. What new methods of assessing foreign capabilities to harm the U.S. and other free world economies are suggested by this framework?
- 5. What opportunities are there for the integration of political and economic intelligence factors into multi-disciplinary analyses that recognize the interplay between the principal political and economic forces? and
- 6. How can one assess whether political and economic intelligence products fill the needs of such users as the White House, Cabinet-level departments, particularly State, Defense, Treasury, and Commerce, and economic bodies such as the Economic Policy Board, East-West Foreign Trade Board, National Advisory Council on International Monetary and Financial Policies, and Council of Economic Advisors?

DELIVERABLE ITEMS:

- 1. Three (3) copies of a Monthly Progress Report in the format of Attachment"A" shall be mailed to reach the sponsor's facility by the 15th of each month commencing with 15 November 1978.
- 2. Three (3) copies of a Final Report.

PROPOSAL:

Contractor's proposal shall describe his approach to solving the stated problems, describe the qualifications of the persons to be utilized in the effort, include a DD-633 or equivalent, and describe his plan to insure that the stringent SI/TK security requirements will be met.

\$200,000 has been budgeted for this effort.

The work is to be performed during the period 30 September 1978 thru 30 March 1979.

The sponsor is prepared to make available to the successful contractor a limited amount of office and document storage space Approved For Release 2001/09/01: CIA-RDP81:001/12R009300030009-0

DOME DETAILS

Approved For Release 2001/09/01 : CIA-RDP81-00142R000300030009-0 / AU : 188

Supplementary Guidance to Bidders

Reference: Work Statement for Study of the Implications on Resource Allocation for the Improvement of Political and Economic Intelligence Within the Intelligence Community

In formulating your proposals for the referenced study, please take into account the following supplementary guidance:

- 1. To keep the scope of the proposed study within manageable dimensions, we desire that it focus on the specific intelligence support requirements stated in the attachment hereto.
- The study should focus on the operations and resources management implications of meeting the stated requirements rather than on the substance of the requirements themselves. Insofar as the requirements are considered representative, information and findings developed by the study may be extrapolated to encompass broader aspects of resources management and allocation in the political and economic intelligence fields.
- 3. Within the conceptual framework outlined in the work statement, the study should, inter alia, address the following specific issues and questions:
 - a. Most new data relevant to political and economic analyses is not derived from National Foreign Intelligence Program (NFIP) collection activities, but from open sources. Identify areas in which NFIP collection resources/efforts should be concentrated and those which should rely primarily on open source collection managed by a non-NFIP organization.
 - b. Virtually all governmental departments with any degree of involvement in international affairs engage in analysis and reporting of political and/or economic intelligence, in many instances using NFIP-derived information. Assess the extent of actual duplication or redundancy between Intelligence Community and non-Community analysis and production activities. Where is such redundancy desirable in order to foster multiple looks at complex issues
 - c. Given that user, producer and collector involvement in political and economic intelligence cuts across organizational and functional boundaries, within both the Intelligence Community and the Government as a whole, are existing management and coordinative mechanisms sufficiently effective to insure efficient use of overall resources and their proper allocation to priority intelligence support requirements?

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- 4. Information and findings developed by the study should be presented in detail sufficient to directly serve resources management planning and decisionmaking. With respect to the substantive requirements stated in the attachment, the study should identify:
 - a. specific areas of analysis and production in which more Community effort is needed;
 - b. incremental analytical resources required to accomplish
 a;
 - c. specific areas in which Community effort does not or would not significantly enhance parallel non-Community efforts; i.e., where are NFIP-sponsored inputs mandatory?
 - d. where requirements are not being fulfilled due to intelliger acquisition shortfalls, assess the resource implications and success potential for filling the gaps;
 - e. identify organizational and management improvements which could enhance performance against requirements, both within the Intelligence Community and across the spectrum of Government agencies involved.

Attachment